



Judy Y. Lee
Attorney

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VIA COURIER AND ELECTRONIC MAIL

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Second Floor
Boston, MA 02110

Re: D.T.E. 01-68

Dear Secretary Cottrell:

Please find enclosed one (1) original and eight (8) copies of the March 2004 Quarterly Report of Massachusetts Electric Company and Nantucket Electric Company in the above-captioned docket. Thank you very much for your time and attention to this matter.

Very truly yours,

Judy Y. Lee

cc: Service List

25 Research Drive
Westborough, MA 01582-0099
508.389.2562 Fax: 508.389.2463
judy.y.lee@us.ngrid.com

Massachusetts Electric Company
and
Nantucket Electric Company

March 2004
Quarterly Report

March 1, 2004

Submitted to:
Massachusetts Department of
Telecommunications and Energy
D.T.E. 01-68

Submitted by:

Massachusetts Electric

A **National Grid** Company



Nantucket Electric

A **National Grid** Company



I. Introduction

At the end of the summer of 2001, the Department asked all Massachusetts utilities, including Massachusetts Electric Company (“MECO”) and Nantucket Electric Company (together, the “Company”) to undertake a critical self-assessment of their ability to provide reliable distribution service to their customers. On October 29, 2001, the Company filed a comprehensive ten volume response (“Reliability Report”), which gave detailed information about the various factors that contribute to the Company’s provision of reliable distribution service: growth forecasting; communication and notification procedures during outages; use of emergency generators and other equipment; personnel staffing and deployment during outages; weather forecasting; and maintenance and design of the distribution system. In the Reliability Report, the Company also analyzed its performance during the summer of 2001 and identified concrete steps that it was taking to improve future reliability. On March 22, 2002, the Department issued an order (“March 22nd Order”) on the Company’s Reliability Report, directing the Company to address several suggestions for improving each of the various factors, report on several follow-up items, and provide the Department with a report assessing its expected ability to respond adequately during the summer of 2002. The March 22nd Order also required the Company to make annual and quarterly reports for the next two years regarding certain reliability factors. On June 7, 2002, the Company filed its Compliance Filing and Report on Summer 2002 Readiness (“June 2002 Report”), and has since made filings each quarter, most recently in December of 2003 (“December 2003 Report”). This filing is the Company’s next compliance filing required by the Department’s order in this docket.

II. Discussion

For each of the quarterly reports, the Department has requested information from the Company regarding the use of emergency generators and other equipment; personnel staffing and deployment, including employee hiring and training and emergency assistance resource sharing; and maintenance and design, including tree trimming and pole replacement activities. This report provides an update to the Department from the December 2003 Report.

A. Use of Emergency Generators and Other Equipment

As described in earlier reports, the Company has contracted and established deployment procedures for three emergency generator units to be used during emergency conditions. Each individual emergency generator unit is a two-megawatt trailer-mounted, diesel engine. There was no new activity involving these three emergency generator units and their deployment during this period.

The Company has also leased four additional two-megawatt trailer-mounted, diesel engine emergency generator units to be used during emergency conditions. Thus, the Company now has a total of fourteen megawatts of portable emergency generation. The Company has designed a contingency plan around these four additional emergency generator units to supplement its current interim back-up plan. This contingency plan provides for the expedited connection of the four additional emergency generator units to the Company's distribution system for the purpose of mitigating, if necessary, the impact of prolonged outages caused by failures of the existing power cables in the Cape Ann area. There was no new activity involving these four emergency generator units and their deployment during this period.

B. Personnel Staffing and Deployment

The Department has directed the Company to provide information on the progress of the hiring and training of 125 engineering and physical workers and the Company's emergency resource assistance sharing activities.

1. Employee Hiring and Training

The June 2002 Report detailed the anticipated hiring and training of 125 engineering and physical workers in New England. As described in the December 2003 Report, the Company's reporting obligations with respect to this reporting requirement are now complete.

2. Emergency Assistance Resource Sharing

The Company's emergency assistance resource sharing policy remains as described in the Reliability Report. Since the filing of the December 2003 Report, the Company received emergency assistance in its Bay State South Division from eight crews sent by its Rhode Island affiliate, The Narragansett Electric Company, following the snowstorm on December 5th and 6th. On December 18th, the Company sent three Bay State West Division crews to Central Vermont Power Service to assist in their ice and snowstorm restoration efforts.

C. Maintenance and Design

With regard to maintenance and design, the Department has asked for a report on tree trimming activities, including procedures, schedules, and a description of the cooperation by and coordination with communities. The Department has also requested quarterly information on pole replacement activities, including procedures for surveying poles and working with other utilities in this process, with particular attention paid to addressing the root cause of the excessive proliferation of doubled poles through improved coordination with owners and lessees

of poles and the systematic removal of such doubled poles. The Company's tree trimming and pole replacement activities are described below.

1. Tree Trimming

The Company's tree trimming procedures and circuit-based trimming program remain as described in the December 2003 Report. The Company's tree trimming staff and process for coordinating with communities remain as described in the June 2002 Report.

The Company is conducting its tree trimming activities under the umbrella of its recently formed Distribution Forestry Program ("Forestry Program"), which is part of the Company's new Construction and Maintenance Department. The Forestry Program replaces the New England Distribution Vegetation Management Program described in previous reports, but the Forestry Program is identical in function to the previous program. To that end, the Forestry Program is designed to prioritize tree trimming activities on a feeder reliability analysis basis (i.e. tree trimming takes place where the greatest gains in feeder reliability will be realized). The Company trimmed 639 miles¹ from September to December 2003, representing a 15.5 percent increase in miles trimmed as compared with the previous quarter. During the calendar year 2003, the Company trimmed 2,135 miles. The Company trimmed 249 miles during the month of January 2004. The following table shows the Company's tree trimming mileage attainments by quarter for the calendar year 2003:

¹ All miles reported in this section refer to trimmed miles (i.e. actual miles of trees trimmed), as opposed to linear distance miles. A trimmed mile converts to 1.27 linear miles.

Massachusetts Electric Company (MECO) and Nantucket Electric Company (NECO) Distribution Forestry Program					
MILES OF TRIMMABLE CIRCUITS MAINTAINED IN CALENDAR YEAR 2003 BY QUARTER					
DISTRICT/DIVISION	1 st QUARTER 01/01/03 TO 03/31/03	2 nd QUARTER 04/01/03 TO 06/30/03	3 rd QUARTER 07/01/03 TO 09/30/03	4 th QUARTER 10/01/03 TO 12/31/03	TOTAL YEAR TO DATE
	ATTAINED	ATTAINED	ATTAINED	ATTAINED	ATTAINED
NORTHSHORE	58.00	47.00	46.00	57.00	162.00
MERRIMACK VALLEY	136.00	171.00	106.00	100.00	407.00
BAY STATE NORTH	194.00	218.00	152.00	157.00	569.00
SOUTH SHORE	84.00	65.00	55.00	99.00	248.00
SOUTHEAST	219.00	87.00	95.00	102.00	408.00
BAY STATE SOUTH	303.00	152.00	150.00	201.00	656.00
CENTRAL	150.00	107.00	100.00	126.00	383.00
MONSON / SPENCER	81.00	93.00	83.00	59.00	233.00
WESTERN	100.00	98.00	68.00	96.00	294.00
BAY STATE WEST	331.00	298.00	251.00	281.00	910.00
MECO / NECO TOTAL	828.00	668.00	553.00	639.00	2135.00

The increase in miles trimmed during the fourth quarter of 2003, as compared with the previous quarter, was due to the work that began on the 504 miles of trimmable circuits on twenty-five feeders that were reserved for completion by lump sum competitive bid.² The Company solicited lump sum competitive bids in June 2003 for the 504 miles of trimmable circuits. In August 2003, bids were awarded for thirteen of the twenty-five feeders, representing 198 miles of trimmable circuits. The balance of the trimming work on the remaining feeders will be completed on a time and materials basis. The lump sum work began in October 2003 and will

² As described in the September 2003 Report, the Company began trimming circuits by lump sum competitive bid for the first time in fiscal year 2003, and all of the lump sum trimming work for fiscal year 2003 was completed during the first quarter of 2003, the Company's final quarter of its fiscal year 2003.

be completed by March 2004, which coincides with the end of the Company's fiscal year 2004.³ The Company expects that it will attain its fiscal year 2004 goal of 2,478 miles trimmed.

2. Pole Replacement Activities

As reported earlier, the Company has worked closely with other pole owners in Massachusetts, including Verizon, NStar, Western Massachusetts Electric Company, and Fitchburg Gas & Electric Company, to establish a common database for the purpose of tracking doubled pole locations and transfer status for each company attached to these poles, notifying these attaching companies of their obligations via e-mail, and providing reporting and management tools. The Pole Lifecycle Management ("PLM") System is in service, and is now being used to track new doubled poles as they are set by either the Company or Verizon.

As of February 2004, as reported by PLM, approximately 10,769 doubled poles exist in the Company's system.⁴ Of these 10,769 doubled poles, 909 are ready for removal by the Company and 1,986 are ready for the Company to transfer its facilities. These numbers represent a decrease of approximately eight percent in the number of doubled poles (990 poles) in the Company's service territory and a one percent increase in the number of poles (twenty-three poles) awaiting action by the Company, as compared to the November 2003 numbers reported in the Company's December 2003 Report. During the three-month period from November to February, approximately 500 doubled poles were set and approximately 1,050 doubled poles were removed.

³ The Company reported higher levels of tree trimming mileage attainment during the first quarter of 2003, which also coincides with the final quarter of the Company's FY 2003, because the lump sum work performed by contractors for all of FY 2003 was completed during this quarter. The Company expects to report similarly higher levels of tree trimming mileage attainment during first quarter of 2004, which coincides with the final quarter of the Company's FY 2004. The lump sum work for FY 2004 was begun in the third quarter of FY 2004, but will not be completed until the end of fourth quarter of FY 2004.

The Company is working to address the doubled pole issue, as described more fully in its report to the Department in D.T.E. 03-87. The Company is currently using contractors to remove the poles that are ready for removal by the Company. This pole removal contract covers work on the existing backlog of poles ready for removal, as well as the work on the poles that become ready for removal in the future. In addition, the Company is currently using contractors for some of its pole transfers. Similar to the pole removal contract, the pole transfer contract covers work on the existing backlog of poles ready for transfer, as well as the poles that become ready for transfer in the future. The Company will continue to provide the Department with updates on the PLM application and the anticipated reduction in doubled poles in its next quarterly report.

III. Conclusion

The Company will continue to update and provide the progress reports required by the Department, as set forth in the Department's March 22nd Order.

⁴ These numbers are subject to confirmation with Verizon.